

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03
H-01 IO-13 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00
XMB-02 OPIC-03 LAB-04 SIL-01 DODE-00 PA-01 PRS-01
SSM-03 /101 W
-----030859Z 105864 /22

R 030746Z MAY 77
FM AMEMBASSY BEIRUT
TO SECSTATE WASHDC 3881
INFO AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY KUWAIT

C O N F I D E N T I A L BEIRUT 2058

E.O. 11652: GDS
TAGS: EFIN EAID AFESD LE
SUBJ: AFESD AID TO LEBANON

REF: KUWAIT 2105

1. A FOUR-MAN TEAM FROM THE ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT (AFESD) VISITED BEIRUT FROM APR 21 TO AROUND APR 30. IN CONVERSATIONS WITH EMBOFF, A MEMBER OF THE TEAM MADE THE FOLLOWING REMARKS.
 2. THE TEAM WAS ENGAGED IN BASIC FACT FINDING TO DETERMINE THE FEASIBILITY OF MAKING LOANS TO LEBANON. AFESD HAD MADE NO COMMITMENTS SO FAR, BUT WOULD ALMOST CERTAINLY EXTEND SOME CREDITS TO LEBANON AT GOOD TERMS -- FOUR TO FIVE PERCENT OVER A PERIOD OF 20 YEARS, WITH A GRACE PERIOD OF PERHAPS FIVE YEARS.
 3. THE TEAM WAS LOOKING INTO FOUR PROJECT AREAS: THE PORT OF BEIRUT, THE ELECTRIC SYSTEM, THE TELECOMMUNICATIONS
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SYSTEM, AND MUNICIPAL EQUIPMENT FOR BEIRUT SUCH AS BUSES. THE FUND, HOWEVER, HAD MADE NO DECISIONS ON WHICH OF THESE AREAS TO HELP OR HOW MUCH ASSISTANCE TO PROVIDE.

4. AID FROM AFESD AND OTHER FOREIGN SOURCES WAS NECESSARY FOR PSYCHOLOGICAL RATHER THAN FINANCIAL REASONS. LEBANESE HAD SUFFICIENT CAPITAL THEMSELVES

TO FINANCE ENTIRE RECONSTRUCTION EFFORT. IN ADDITION, LEBANESE TENDED TO EXAGGERATE GREATLY AMOUNT OF DAMAGES SUFFERED DURING THE WAR. LOSSES PROBABLY AMOUNTED TO NO MORE THAN \$1 BILLION, BASED ON THE DIFFERENCE BETWEEN THE ACTUAL GNP AND THE GNP AS IT WOULD HAVE BEEN WITHOUT THE FIGHTING. (COMMENT: THE PRIME MINISTER HAS SAID THAT "DIRECT MATERIAL LOSSES" WERE ABOUT \$2.5 BILLION. END COMMENT.) MOREOVER, TRADE AND SERVICES MADE UP TWO-THIRDS OF LEBANESE GNP. THUS, MOST IMPORTANT FACTORS WERE CONFIDENCE AND ATMOSPHERE, NOT EQUIPMENT.

5. THE GOL COULD NOT REALISTICALLY EXPECT MASSIVE AMOUNTS OF FOREIGN AID MENTIONED IN THE BEIRUT PRESS. (COMMENT: LOCAL NEWSPAPERS HAVE SPOKEN RECENTLY OF \$500 MILLION IN AID FROM ARAB SOURCES. END COMMENT.) MOREOVER, LEBANON COULD NOT EFFICIENTLY USE MASSIVE SUMS OF FOREIGN CAPITAL, WHICH INTER ALIA WOULD SERIOUSLY AGGRAVATE INFLATION.

PARKER

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, ECONOMIC DEVELOPMENT
Control Number: n/a
Copy: SINGLE
Sent Date: 03-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Errors: N/A
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From: BEIRUT
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t197705101/aaaadjnf.tel
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Original Previous Classification: n/a
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TAGS: EFIN, EAID, LE
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